



# NEWS

no. 5

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FOCUS

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## CONFERENCES IN ZAGREB AND SPLIT FINANCING CAPITAL INVESTMENTS FOR LOCAL GOVERNMENTS IN CROATIA

LGRP announces the conference "Financing Capital Investments for Local Governments," which will be presented in Zagreb and Split in June.

LGRP has invited representatives of cities and larger municipalities, as well as representatives of the Croatian Bank for Reconstruction and Development (HBOR). The topic is important and timely, as many local governments are facing the urgent need to invest in capital infrastructure in order to provide services to citizens and to attract and retain businesses. Financing the development and construction of new infrastructure is a major issue for these local governments. Participants will have the opportunity to hear and discuss the latest models in financing capital investments in Croatia with representatives of cities and HBOR.

A preliminary list of conference presenters includes **Niko Pavlović**, Head of Finance Department for the City of Dubrovnik; **Jasmina Stričević**, Head of Finance Department for the City of Koprivnica; **Marijana Habuš**, City of Koprivnica Communal Company, Head of Finance Department; **Dubravka Zorić**, HBOR, Head of Communal Infrastructure Department; and **Ante Mađerić**, Financial Advisor, City of Rijeka. ■

## PUBLIC ADMINISTRATION CERTIFICATE COURSE ENVIRONMENTAL MANAGEMENT IN LOCAL GOVERNMENTS

**University of Zadar, May 8-12**

The Faculty of Philosophy at the University of Zadar, the Maxine Goodman Levin College of Urban Affairs at Cleveland State University (CSU) and LGRP are organizing a course in "Environmental Management in Local Governments."

Croatian local governments are facing a constant increase in legal requirements and tasks related to environmental protection. With the forthcoming Croatian accession to the European Union, local governments in Croatia will have to comply with EU standards and requirements.

The purpose of this course is to train the participants - local government professionals and elected officials - for better environmental management in local governments. In the five-day structured training, Croatian and international experts will present modern methods and skills for environmental management at the local level. Private sector and non-governmental organizations will present their experiences in performing outsourced local government services. Topics

that form the core module of the course are improved techniques of environmental management with the purpose of sustainable development and biodiversity preservation.

Training Implementers: Zadar University, Faculty of Philosophy; USAID's Local Government Reform Project; Cleveland State University - Maxine Goodman Levin College of Urban Affairs, Great Lakes Environmental Finance Center; Šibenik College for Tourism Management; Faculty of Chemical Engineering and Technology, University of Zagreb; Croatian Environment Agency; "Dvokut ECRO" firm; NGO "Zelena akcija"; Office for Management of Protected Areas in Zадarska County; Institute of Oceanography and Fisheries, Split. ■

**Spiridon Brusina**  
Zoologist and Palaeontologist  
Zadar, 1845 - Zagreb, 1908



## REGIONAL CONFERENCES IN OSIJEK, SPLIT AND ZAGREB

## COOPERATION AMONG LOCAL GOVERNMENTS FOR A BETTER PUBLIC SERVICE DELIVERY

**How can public service delivery to citizens be improved through local government cooperation?**

In April, May and June, LGRP is organizing three regional conferences on "Cooperation Among Local Governments for a Better Public Service Delivery," which will be held in **Osijek** (April 27), **Split** (May 12) and **Zagreb** (June 8). **Juliana Pigey**, **Vesna Tomašević** and **Maris Mikelsons** will present their report on "Cooperation Among Local Governments for Public Service Delivery - International Experiences and Case Studies from Croatia with Recommendations". Along with the authors of the report, the speeches shall be given by **Ksenija Plantak**, member of the City Council and former Mayor of the City of Slatina and **Nataša Zrilić**, the Development Advisor to the Mayor of Rijeka.

The report provides a brief review of international experience (**France** and **Hungary**) and considers different possible cooperation structures among local governments in Croatia. It is the result of recent field-work and case studies: **Crikvenica**, **Čavle**, **Kamanje**, **Krk Island**, **Rijeka**, **Slatina**, **Slunj**, **Split**, **Ugljan** and **Pašman islands**, and surrounding local governments.







## SURADNOM MEĐU JEDINICAMA LOKALNE SAMOUPRAVE DO BOLJIH USLUGA GRAĐANIMA



OSIJEK, 27. travnja 2006.

During the process of decentralization and the transfer of functional assignments to lower levels of government, a certain number of functions and responsibilities were transferred to Croatian cities and municipalities. Among these was the function of delivering public services, which has increased the importance of the local government's role.

This report analyzes the cooperation among local governments to improve their delivery of public services to end users (citizens). The goal of the Osijek and Split conferences is to assemble representatives of all local and regional government units in order to exchange ideas and discuss local government cooperation. The Zagreb conference will include officials of the Central State Office for Public Administration, key line Ministries, relevant associations, NGOs and international organizations (World Bank, European Commission) in Croatia, who will likewise discuss the topic of local government cooperation. ■

## ASSOCIATION OF LOCAL GOVERNMENT CONSULTANTS VLATKA KUTNJAK ELECTED NEW PRESIDENT OF HUKON

On April 1, the Association of Local Government Consultants (HUKON) successfully conducted its Annual Assembly and elected a new President and members of the Management Board, Supervisory Board and Ethics Committee. The newly-elected President of HUKON is Vlatka Kutnjak, an accomplished businesswoman with experience in providing entrepreneurship training at the Business College of Entrepreneurship (VERN) and consulting services to local governments in the area of local economic development.



Members of HUKON adopted the following documents at the Assembly: Training Plan, Quality Standards, Promotional Activities Plan, and changes in the Statute that propose a shorter and more realistic mandate (two years versus four). Members also adopted a broader mission of HUKON that will open new opportunities to the Association as a leader in local government consultancy/outsourcing. During the Assembly, HUKON members also discussed and adopted the strategy for members' certification. ■

## SELECTIO - FIRST PRIVATE FIRM PARTNER IN THE PUBLIC ADMINISTRATION CERTIFICATE COURSE PROGRAM ORGANIZATIONAL DEVELOPMENT AND MODERN HUMAN RESOURCE MANAGEMENT

Osijek, May 30-June 3

This short-term continuing education program in public administration/management is designed in co-operation with SELECTIO Group (SELECTIO, Electus and MojPosao), a leading Croatian private company in recruitment and human resources consulting and training. The five-day course is intended for local government officials in charge of human resource management. It will discuss the following thematic modules:

1. Strategic Planning of Human Resource Management (HRM)
2. Recruitment and Selection
3. Performance Appraisal System and Motivation System
4. Career Development and Organizational Development (OD)  
Case study: City of Slatina - presentation of the successful use of LGRP's Organizational Development Model, e-Government and e-learning projects
5. Employee Relations and Cooperation

Participants will gain necessary skills and knowledge in the areas of organizational development and human resource management in order to enhance the managerial and administrative capacities in their respective work places. The course will be held by presenters and consultants from the SELECTIO Group: **Nenad Bakić, Vera Čubranić, Ana Karlović, Kristina Sanković, Ivana Zekić, Aleksandar Zemunić**, and others. **Ksenija Plantak**, former mayor and present member of Slatina City Council, will present the case study. Ms. Plantak will give an overview of the LGRP management models implemented in the **City of Slatina** in partnership with LGRP (organizational development, asset management, information management, procurement management).



**Nenad Bakić, Managing  
Director of the SELEC-  
TIO Group**

Cleveland State University professor **Tom Cozzens** will conduct a presentation on Human Resources Management for Local Governments, focusing on performance measurement. ■

Dear Madam/Sir,  
As a USAID Contractor, I would like to invite you and one member of your staff to the Conference: **Cooperation Among Local Governments for a Better Public Service Delivery** which will be held on

**April 27, 2006, at the hotel Osijek  
OSIJEK, Samacka 4, at 10 am**  
Registration and coffee are scheduled at 9:30 am.

Please confirm your arrival at the conference no later than April 25, 2006, by phone **(091 6313 3771)** or email **([institute@urban-institute.hr](mailto:institute@urban-institute.hr))**

The presentations at the Conference will include:

- Report on Cooperation Among Local Governments for Public Service Delivery which was developed by USAID's Local Government Reform Project II
- Review of international experiences and different possible cooperation structures among local governments
- Insight into the current situation of local government cooperation cases in Croatia
- Case studies - cooperation examples of individual local government units

Please find attached the Conference Agenda. Coffee and lunch will be served during the Conference. Any additional costs must be covered by participants themselves.

We look forward to our meeting!

Best regards,

**Maris Mikelsons**

USAID Contractor  
Local Government Reform  
Project Director

## MANAGING CITY-OWNED PROPERTY ASSETS

# ASSET MANAGEMENT



**Real property asset management is usually understood as a decision-making process about the acquisition, holding, and disposition of real property for the owner's use and investment. This definition is applicable to both the private and public sectors.**

The model's first step is to create a comprehensive inventory of all assets, followed by an evaluation of each property to determine whether it is essential for public use (and fully or under-utilized) or potentially available for disposition through lease or sale. The next steps include methodologies for property valuation, analysis of direct and indirect subsidies, introduction of property specific operating statements and other activities.

By using a multidisciplinary approach to asset management, the model can contribute to an improvement in local governments' financial situations and their ability to provide better services. It can also help free up underutilized (surplus) assets for private investment and development.

### Why Is Property Asset Management Important for Local Governments?

Real property asset management - the acquisition, holding, and disposition of real property for use and investment income - is key to sound governance for several reasons:

1. Governments of all levels own large portfolios of real property, including office buildings, industrial properties, vacant land, and real estate used for delivering services to citizens—such as schools, kindergartens, or engineering infrastructure.
2. Property assets, including vacant land, often represent the most valuable part of all assets owned by the government. Prudent management of this class of assets is critical to the overall public wealth and well being of citizens.

3. By introducing modern methods of asset management, a local government can address many of its concerns, including:
  - How to use its land and buildings to increase local budget revenues and become creditworthy for banks?
  - How to reduce the costs of operating schools, kindergartens, and other public



Photo: Oliver Budimir

**Mayor of Karlovac Miro Škrgatić (left) with Tom Rogers, USAID's Local Government Advisor (right) discussing the creation of the City of Karlovac Comprehensive Asset Management Plan.**

service buildings?

- How to use its land for making the city more attractive to private investors?
- How to increase its own credibility with local citizens?

### How Can the Management of Public Property Assets Be Improved?

Major characteristics of portfolios, both in Croatia and in other transition countries, are as follows:

1. The rapid devolution of property made many municipal governments the largest property owners in urban areas.
2. Large real estate portfolios are being transferred from direct municipal ownership into ownership by enterprises that are owned by municipalities.
3. There are fiscal disincentives for further privatization.

The Asset Management (AM) model is a systematic approach to the more effective use of real property owned or operated by a local government. The expected result is an increase in the city budget gained from property income, as well as a more accurate asset register. LGRP asset management has assisted the Cities of **Varaždin**, **Karlovac** and **Split** identify some 6,000 assets valued at approximately \$1 billion. Many of these assets were never included in the registers and many are already generating new revenue for these cities. The implementation of this model has recently started in **Rijeka**, and is completed in several municipalities in **Bjelovarsko-bilogorska** (Đulovac, Sirač, Grubišno Polje, Končanica) and **Karlovačka Counties** (Vojnić, Rakovica, Cetingrad, Barilović).



4. Large portfolios of social or core service properties with negative cash flows are being transferred to local governments.
5. Large portions of portfolios are properties with zero or negative residual value.
6. Real estate is from 50 to 95% of the total value of municipal assets.
7. Most municipalities have no inventory of physical assets, even less a meaningful



Photo: Oliver Budimir

**USAID and Karlovac city officials at the press conference in Karlovac, presenting the first successes of the AM implementation**

value of these assets and financial performance data.

8. A clear understanding of assets and liabilities is a precondition for moving forward intelligently with municipal financial management.
9. Public real estate is one of the most underutilized local resources in many cities around the world.
10. There is a need to establish appropriate standards of accounting and reporting public property.



**Hrvoje Bertović, LGRP Asset Management Specialist, explaining the Asset Management methodology to the City of Split officials**

Over the past 20 years, public property asset management has undergone a quiet revolution in various parts of the world. New concepts and practical approaches have emerged and been tested and crystallized into a transferable methodology which recognizes that public property is a productive asset rather than a public good. It uses the private sector's asset management techniques, and includes four key components:

- Inventorying
- Property management and accounting
- Portfolio-based decision making
- Comprehensive implementation strategy ■

## CASE OF THE CITY OF SPLIT

USAID and the City of Split signed a Memorandum of Understanding in the area of Asset Management in July 2004, and a work group was formed to begin implementing the AM model. **Kolja Grisogono**, associate member of the Work Group and former member of the City Board in charge of asset management, describes the work results in asset classification and management achieved so far:



Photo: World Learning

**Kolja Grisogono giving speech at the World Learning PTP Award Ceremony, Zagreb**

### Objective

The implementation of the **Information System** for the City's Asset Management will be completely incorporated into the City's business application in an Oracle database. The first phase comprises the classification system for the City's assets and input of the actual data regarding the City's property (inventory). This includes the **Geographical Information System (GIS)**, which has already been initiated and will be integrated into the database.

### Work Methodology

The Work Group is conducting the project in accordance with USAID/LGRP methodology and concurrently implementing the enhanced methods of asset management regarding both **development** and **operational** tasks. At the same time, the core members of the Work Group are focusing on the project's actual application in order to achieve the desired results within the shortest possible period.

### Development Results

- 1) The IT Department has implemented and delivered for utilization an enhanced **Information System of asset classification** and management. This inventory will contain not only business premises and flats, as was formerly the case, but other asset portfolios as well, i.e. cultural, educational, sports and welfare facilities.
- 2) The IT Department has created and delivered for utilization a **new program for the classification of land parcels** with an array of the required general attributes (cadastre, and land and book registry data) and individual attributes (data of special interest for the City).
- 3) Once the procedure has been legally carried out and related decisions have been adopted by the City Board, the first phase of the GIS will be implemented with the support of the three segments that are backed up by the computerized system: **GIS for citizens** (finalized in January), GIS scanning (completion deadline is April) and **GIS browser** (completion deadline is June).

### Operational Results

- 1) The Department for Real Estate Classification and Management conducts the regular input of real estates into the database, including the input of real estate from the portfolios of cultural, educational and sport facilities. This inventory has been conducted with the following facilities entered into the computer database thus far: 48 sport facilities, 23 culture facilities, 26 schools, 51 garages, 52 kindergartens, 1,015 business premises, 969 apartments, 4 health care facilities, 1 general public facility, 117 shelters
- 2) The data of approximately 11,000 parcels of land, which are registered as the property of the City of Split in all cadastre municipalities, were obtained from the Cadastre Service of the City of Split and processed and entered into the computer database as a part of the new Information System of Land Classification (as described in the Development Results, Paragraph 2). The cadastre and the land and book registry data have been harmonized to approximately 8,000 parcels of land. The City Administration is required to perform the revision of the entered data through the central information system in the Oracle database.
- 3) The Department for Asset and Legal Preparation has assumed the task of incremental processing and updating of the entered data regarding the parcels of land according to the location priorities defined by the Board (the City's projects).

### Development Plan from the Viewpoint of Improving Conditions in the Local Government Area for the Four-Year Period

Digitalization of the cadastre plans at the Split Cadastre Service has been finalized. The City will soon have the relevant database at its disposal. It will be updated monthly. A land survey is currently being created for suburban areas. It will be finalized and delivered for utilization in digital form within the planned time period. The GIS browser will be extended simultaneously with the completion of the cadastre background digitalization when the first phase is completed in June. The GIS system will comprise the total administrative territory of the City of Split when the Program of Measures for the Improvement of Spatial Situation is implemented for the four-year period. ■

Text: Kolja Grisogono

## PUBLIC AWARENESS CAMPAIGN: PROS AND CONS OF DIRECT ELECTIONS

# LAW ON DIRECT ELECTION OF MAYORS



**Direct Elections - Pros and Cons, roundtable organized by the Association of Cities and LGRP, Rijeka, Transadria Hall/WTC (March 2006)**

In March, LGRP performed an intensive public awareness campaign on the topic of direct elections, in collaboration with the citizen advocacy group GONG and the public relations firm Madison. The campaign was performed in Zagreb, Rijeka, Split, Osijek and Kutina. Jessie Pilgrim, LGRP electoral law specialist, prepared comments to the final draft Law on Direct Elections of Mayors. Mr. Pilgrim, along with State Secretary for Administration Antun Palarić and President of the Committee Zvonimir Mršić, was a keynote speaker at the session of the Parliamentary Committee for Local Government on the direct election of mayors.



The President of the Association of Cities, Mayor Vojko Obersnel,

**Presentation of Puls citizen survey Impact of direct election of mayors on voter turnout at the roundtable in Rijeka**

hosted Jessie Pilgrim in the City of Rijeka. A roundtable on the "Pros and Cons of Direct Elections" was held in Rijeka as a joint effort of the Association of Cities and LGRP. The Roundtable gathered former MPs, regional politicians, NGOs and the media.

A roundtable on the "Media's Role in the System of Direct Mayoral Elections" was held in Split as a joint event of LGRP and STINA, the Split Information News Agency. A dozen journalists ranging from Požega to Dubrovnik, and from local private to national public media, participated in this event.

Mr. Pilgrim met with Professor Zvonimir Lauc of the Croatian Institute for Local Government (HILS) in Osijek and discussed such issues related to direct mayoral election as recall, campaign finance, competencies and decentralization. A press conference was held at the end of the meeting.

On March 16, the Government adopted the final **Draft Law on the Direct Election of Mayors** and submitted it to Parliament for adoption. The Parliament has not yet deliberated on the proposed Draft Law.



**Jessie Pilgrim, USAID's LGRP electoral law specialist**

Photo: Livio Černjul, Novi List

Since the Draft Law on the Direct Election of Mayors and the Law on Local and Regional Self Government are interconnected, the Central State Office for Administration has also prepared **Draft Amendments to the Law on Local and Regional Self Government**, which regulate the relationship of the mayor and the representative body and changes the organizational structure of local governments. ■

## DISCUSSIONS WITH REPRESENTATIVES OF COUNTY GOVERNMENTS

# LOCAL GOVERNMENT RECOMMENDATIONS FOR FURTHER DECENTRALIZATION

LGRP conducted formal discussions on administrative decentralization with representatives of all county governments in Croatia in order to inform them about and request their response to the recommendations made by local governments and compiled into a report, *Analysis of Local Government Functional Tasks and Recommendations for Further Decentralization*. The Union of Association of Cities and Association of Municipalities and LGRP produced this report in January. The document describes recommendations of 121 local governments on additional functions that local governments could assume in course of the further decentralization process.

In March, six roundtable discussions were held throughout the country in Zagreb, Vinkovci, Varaždin, Opatija, Bjelovar and Split, and 112

county representatives attended. The local government recommendations centered on devolving current county responsibilities to cities and municipalities (in keeping with the principle of subsidiarity).

In addition to discussing the general local government recommendations, additional discussions were held on the four highest priority areas: **land disposal, education, physical planning and public roads**. County responses focused mainly on the concern that local officials were not educated formally nor trained sufficiently to administer these functions. LGRP staff recorded these remarks, which will be sent to the Croatian Government's Decentralization Commission and their Working Group on Administrative Decentralization. Additionally, LGRP plans to conduct detailed sector analyses on these four priority areas. ■



**Senka Ramić, decentralization advisor (seated), explains what the priority sectors for decentralization are, at the roundtable in Opatija**



**Roundtable in Vinkovci**

## WORKSHOP ON CROATIA AND EU COMPARATIVE EXPERIENCES

## DECENTRALIZATION AND PUBLIC SERVICE DELIVERY

The Government of the Republic of Croatia, in cooperation with its development partners the **World Bank, European Commission, USAID and SIGMA/OECD**[1], organized a workshop on "Decentralization and Public Service Delivery - Croatia and EU Comparative Experiences" in January 2006. The objective of the workshop was to assess progress and provide guidance on fiscal and administrative decentralization in Croatia based on the experiences of EU countries.



**William Jeffers, USAID Mission Director, addressing the audience**

The workshop brought together over 150 representatives from different institutions of the public sector, the international community, experts, institutions of higher learning and civil society.

The workshop began with a review of decentralization and fiscal relations in Croatia from both central and local self-government perspectives. This was followed by case study presentations

of lessons learned from EU countries (Slovakia, Poland, and other EU member states) on what has and has not worked in fiscal and functional decentralization. The event concluded with a discussion about the challenges and options facing Croatia in its attempt to advance decentralization.



**High-level Government officials attending the case study presentations of lessons learned from EU countries**



#### Speakers at the workshop

were prominent representatives of the above-mentioned institutions and high-level Government officials as well as a number of foreign experts in the field. **Jadranka Kosor**, Vice Prime Minister and Minister of Family, Veterans' Affairs and Intergenerational Solidarity, opened the event. USAID Mission Director **William Jeffers** gave opening remarks to highlight USAID's involvement with local government reform. Brief opening remarks were also made by Minister of Finance **Ivan Šuker**, World Bank Acting Country Director **Hermann A. Von Gersdorff** and Head of the EC Delegation to Croatia **Vincent Degert**.

"The policy of the Government of the Republic of Croatia is an even development of the entire

territory of the Republic of Croatia, as well as the implementation of the Council of Europe's *European Charter of Local Self-Government*, according to which a significant part of public functions should be assigned to authorities which are nearest to the citizens. The lessons learned from foreign countries that were shared at today's workshop will surely contribute to the quality and efficient implementation of the decentralization process in Croatia," said **Antun Palarić**, State Secretary, Central State Office for Public Administration of the Republic of Croatia. ■

[1] SIGMA - Support for Improvement in Government and Management in Central and Eastern European Countries - a joint initiative of the OECD (Organisation for Economic Co-operation and Development) and the European Union Phare Program.

## STREAMS OF REVENUE FOR LOCAL GOVERNMENTS

## PERSONAL INCOME TAX TO LOCAL GOVERNMENTS, CORPORATE PROFIT TAX TO THE CENTRAL GOVERNMENT

LGRP has conducted two policy analyses concerning streams of revenue for local governments, the Corporate Profit Tax and the Personal Income Tax. The first is *Shared Corporate Profit Tax in Croatia and the Overall Local Government Finance Context*. The second is *Reform of the Corporate Income Tax Sharing Mechanism in Croatia: A Scenario Analysis*. (Both studies are available at [www.urban-institute.hr](http://www.urban-institute.hr), under Publications).

Based on these analyses, LGRP conducted a series of three policy discussions in **Split, Koprivnica and Osijek** in February and March as part of the LGRP and GONG's *Local Government Hours*.

Three roundtables on "Fiscal Decentralization: Personal Income Tax (PIT) and Corporate Profit Tax (CPT) Allocation" stimulated a discussion on four possible scenarios for a more equitable tax allocation among the Central Government and regional and local governments, i.e. CPT and PIT. These scenarios used one of the following criteria: (1) number of employees in a city/municipality/county; (2) number of inhabitants;

(3) both number of employees and number of inhabitants (50% - 50%) and (4) CPT to the Central Government, PIT to local and regional governments and counties.

Panelist **Saša Drezgić**, from the Faculty of Economics in Rijeka, outlined the current situation of local government funding and provided a simulation of impacts generated by each of the four scenarios. The majority of the 78 individuals participating in the discussions, who were mostly mayors, finance chiefs of cities and counties, representatives of the Ministry of Finance, academics and Members of Parliament, chose the fourth



**Saša Drezgić, Eugen Jakovčić (moderator) and Fred Van Antwerp at the roundtable on shared taxes in Split**

model. They jointly concluded that shared taxes would be more evenly distributed if the entire PIT was transferred to the local governments and CPT was allocated to the Central Government. During the process, special care should be taken of economically weaker local government units, which are funded from the two above-mentioned sources to a smaller degree. Funds should be ensured through grants out of the national budget, i.e. equalization grants.

**Fred Van Antwerp**, LGRP's local government advisor, compared the Croatian situation to the current CPT and PIT sharing models in the EU countries of Denmark, Finland, Portugal, the Czech Republic, Slovakia and Poland. He emphasized that there is no single model for funding different levels of government that would be universally applicable to every country. According to Mr. Van Antwerp, when deciding on a model, it is of the utmost importance to consider the number of cities and municipalities, and their economic powers and current jurisdictions, because "finance follows function." ■





AMERICAN AND CROATIAN LOCAL LEADERS AND PROFESSIONALS IN PARTNERSHIP

# U.S. - CROATIAN CITIES' TWINNING EXCHANGE

## Buzet, Labin and Pazin - Pendleton and La Grande



Istrians and Oregonians at the workshop on Workforce Development in Pazin



Three Istrian cities with their US partners reviewing US practices of business attraction in Buzet

The group from the Northeast Oregon Economic Development District ([www.neoedd.org](http://www.neoedd.org)), an association of cities of La Grande and Pendleton, Oregon, visited their counterparts in Buzet, Labin and Pazin during the week of March 20. This was their fifth exchange and the third visit of the Oregon team to Croatia as part of the LGRP Twinning Program.

In collaboration with their US partners, Buzet, Labin and Pazin developed and conducted a survey of small businesses that encompassed a total of 87 businesses. The cities conducted the survey and plan to use its results to create a set of policy recommendations that will be prepared by mid-May. The three Istrian cities also reviewed US practices of business attraction through website development and developed a list of appropriate data for inclusion on their websites.

The central event of the week was the workshop on **Workforce Development Programs** that took place in Pazin on March 22. The workshop attracted wide participation from local governments, counties, the Istrian Development Agency (IDA), small businesses and the Pula School of Polytechnics. The presenter was **Art Hill**, Vice President of Blue Mountain Community College in Pendleton, Oregon and expert in customized training and workforce retraining.

Mr. Hill concluded that Istria, like the rest of Croatia, has great opportunities for development that will require a skilled and well-trained workforce. This is the basis for the upcoming collaboration between the **Blue Mountain Community College** and the **University of Pula**, who have signed a Memorandum of Understanding and begun to establish a long-lasting cooperation on workforce training programs and distance courses. As a first step, six students from Pula will be included in a pilot distance learning course that will be further elaborated during the next exchange in Oregon and will begin in the fall of this year.

The Istrian group will travel to **Oregon** for the sixth and final exchange in **June**, with the agenda of wrapping up the 18-month partnership that will certainly continue. ■

## Umag - Port Townsend



Keith Gurnee, David Timmons and Mirjana Vrbat-Skopac reviewing site maps and urban plans in Umag

The group from Port Townsend, Washington, visited their counterparts in Umag during the week of March 27. This was their fourth exchange and the third visit of the Port Townsend team to Croatia as part of the LGRP Twinning Program.



City of Umag officials cleaning the site of former military facilities.



Former military barracks, just a few steps from the seaside.

With its first-class land-use planning and coastal management systems, as well as a history of effective partnerships with state and federal government and private sector interests, **Port Townsend** is in the perfect position to provide **Umag** with technical experience in diversified growth and land redevelopment. As in Umag, Port Townsend is situated at the end of a peninsula and has particularly relevant experience with former military properties redevelopment.

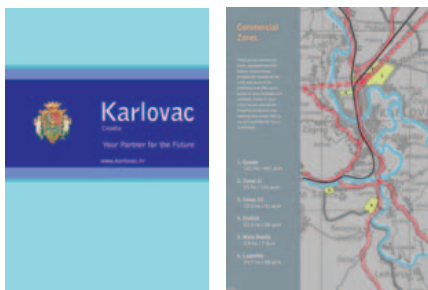
The partnership focuses on providing assistance to the City of Umag in resolving a mix of land uses for the **former army barracks** that have been handed over to the City. This project is aimed at **redeveloping the property** for maximum public benefit and economic efficiency. The two teams spent the week in Umag reviewing site maps and urban plans, developing standards that would influence development of a vision plan on the property and visiting the site for better insight.

The Umag team will travel to **Port Townsend** for the fifth exchange in **May**, while Port Townsend plans to return to Umag in late June. ■

Photo: Tanja Kocijančić, Glas Istre



## Karlovac - Kansas City



**Karlovac - Your Partner for the Future, brochure of Karlovac for investors**

The Karlovac team visited Kansas City, Kansas, in early April to discuss with their US partners a new municipal ordinance on utility fees abatement for new investors. The team is visiting Kansas for a third time as part of a Technical Twinning partnership sponsored by USAID, under the auspices of LGRP. The twinning partners initiated the ordinance as a measure to **improve the investment climate** in this central Croatian city and to create incentives for outside investors or existing businesses to expand

and **create new jobs**. The ordinance is looking to attract new businesses while creating disincentives to existing ones to close current facilities and reopen new ones in search of utility fees abatement.

The two teams are also finalizing a **marketing brochure** featuring three strategic commercial assets in **Karlovac**: (1) the Korana River recreation district, (2) a commercial zone at the north end of the city, and (3) three centrally-located former military barracks recently transferred to the city by the national government.

As part of a marketing plan for Karlovac created within this technical partnership, a Croatian team is attending the annual conference of the International Council for Shopping Centers in **Copenhagen** April 26-29. The teams have been discussing successful networking techniques with potential investors to ensure effective presentation of Karlovac's numerous commercial assets and natural attractions at this international forum.

Karlovac and Kansas City officials began their cooperation in **November 2004**. The Twinning Program is expected to end in **June**, when the Kansas City team will travel to Karlovac to finalize the implementation of the activities from the joint Work Plan. ■

## Dubrovnik - Monterey



**Mayors Albert and Šuica looking at the grounds of the future golf course on Mount Srd**



**Teams Dubrovnik and Monterey at Pebble Beach Golf course in California**

Monterey, California and the City of Dubrovnik are seeking ways to increase off-season revenues by improving services that will attract more international conference and convention business. The Dubrovnik team will be in Monterey from **May 22-26** for the fourth Twinning exchange. ■

## CITY OF SISAK COLLABORATES WITH THE LGRP TO IMPLEMENT E-GOVERNMENT MODEL

### E-GOVERNMENT IN SISAK

At the initiative of the City of Sisak, LGRP presented its e-Government model to the City of Sisak. USAID's Local Government Advisor **Tom Rogers** joined Mayor of Sisak **Dinko Pintarić** and members of the Sisak City Board as part of the presentation of the LGRP e-Government system, held in Sisak City Hall on March 29.

**Miljenko Šmit**, LGRP Information Management Specialist, presented the e-Government system, supported by Intranet/Internet software. The most important feature of this model is the improvement in work performance within a local government, real-time service provision to citizens 'at a distance' through the Internet, and interactive communication of citizens with local government.

**Fifty-five** local governments in Croatia currently use the e-Government system, including **Vinkovci, Osijek, Pula, Crikvenica, Šibenik, Kaštela** and **Imotski**, as well as four counties, **Zagrebačka, Primorsko-goranska, Vukovarsko-srijemska** and **Požeško-slavonska**. 71,966 citizen usages were recently recorded. ■



**Tom Rogers, Dinko Pintarić and Miljenko Šmit at the press conference in Sisak**



**Miljenko Šmit explaining to the members of the Sisak City Board the main functions of the e-Government system**

**LGRP and its partner institutions launched the PUBLIC ADMINISTRATION (PA) CERTIFICATE COURSE PROGRAM in September 2005.** These partners include the Faculty of Law (PFS) at the University of Split; the Faculty of Political Science (FPZ) at the University of Zagreb; the Zagreb School of Economics and Management (ZSEM); Šibenik College of Tourism Management; the Faculty of Philosophy at the University of Zadar and the Maxine Goodman Levin College of Urban Affairs at Cleveland State University (CSU).

The PA Certificate Course Program is designed and organized as continuing education and training for public managers and local government representatives and officials. During its five-day duration, it offers 40 hours of structured learning activities related to the critical issues facing public managers and local government representatives and officials on a daily basis. The program is also recommended for representatives of NGOs and the business sector who are engaged in public management and service delivery at the local and county levels.

In the past quarter, a total of five PA Certificate Courses took place:

## ŠIBENIK COLLEGE OF TOURISM MANAGEMENT, April 11-13 / April 19-20 ENHANCING TOURISM AND ENTREPRENEURSHIP IN LOCAL GOVERNMENTS

The course was organized by Šibenik College in cooperation with USAID's Enhancing SME Performance Project *Poduzetna Hrvatska* and LGRP. The objectives of the course were to: (1) better understand the role of local government staff and elected officials in fostering entrepreneurship and tourism in their communities; (2) acquaint participants with practical solutions and best practices in effective planning and implementation of public-private projects and investments in tourism; (3) gain basic skills for granting loans; and (4) improve participants' skills in presenting their location to the potential investors.

In order to observe the successful development of tourist and/or entrepreneurial projects, the participants visited the City of **Skradin**, hosted by the Mayor of Skradin, **Nediljko Duić**, and **Karmen Španjol Bičanić**, President of the Skradin Tourist Board.

The lecturers and workshop facilitators were: **Stipe Belak**, **Ratko Dobre**, **Petar Čovo**, **Dijana Čičin-Šain** and **Ivona Mikulandra Volić** from Šibenik College, **Michelle Morgan**, **Tocher Mitchell** and **Zrinski Pelajić** of USAID's Enhancing SME Performance Project *Poduzetna Hrvatska*, **Dino Bendeković** of Interfokus, **Ivo Markotić** of Locat Leasing Croatia and **Joško Šupe** of Zagrebačka banka. ■

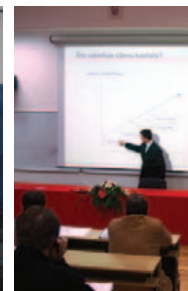


Photo: Petar Štefaneć



## FACULTY OF LAW, UNIVERSITY OF SPLIT, April 3-7 LEGAL REGULATIONS, E-GOVERNMENT AND HUMAN RESOURCES MANAGEMENT IN LOCAL GOVERNMENT

This five-day course analyzed the latest changes in laws related to local government and discussed the possibilities and restrictions of their implementation. Participants were given the opportunity to advance their knowledge and abilities in local government legislation, as well as to learn about potentials for improvement in human resources management in local government and the use of e-Government in the access to information, education, and building capacities for change in local government.

Lecturers and workshop facilitators at this course were: **Duško Lozina**, **Mirko Klarić**, **Marija Boban**, **Boris Buklijaš** and **Zoran Šinković** from the Faculty of Law at the University of Split, **Jasmina Sočković**, Head of the City of Zadar Asset Management Department and Selectio associate consultant. The program was concluded by a work visit to City of **Makarska**, hosted by the Mayor of Makarska, **Siniša Srzić**. ■



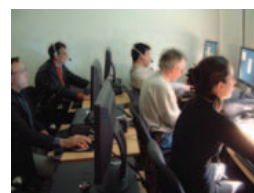
**Dean Dragan Bolanča (left), USAID's Tom Rogers (above) and Marija Boban, Faculty of Law assistant professor (left), at the certificate award ceremony.**



## ZAGREB SCHOOL OF ECONOMICS AND MANAGEMENT (ZSEM), March 27-31 E-GOVERNMENT: THE LOCAL GOVERNMENT ROLE

The course "E-Government: the Local Government Role" was the second in a series of five-day certificate courses in public administration management, organized jointly by the ZSEM's Center for Public Administration Management and LGRP. The program was designed to highlight the importance of local and regional self-government in delivering public services to citizens "at a distance" through Internet. The course was intended for local, county and central government officials, as well as representatives and IT managers in companies.

Panelists at this course were **Miljenko Šimić**, Central State Office for Public Administration, **Ivica Crnković**, Professor of Software Engineering and the leader of the Software Engineering Research Laboratory at Mälardalen University in Sweden, **Karmela Aleksić-Maslač**, head of the ICT Department at ZSEM and **Miljenko Šmit**, LGRP e-Government specialist. ■



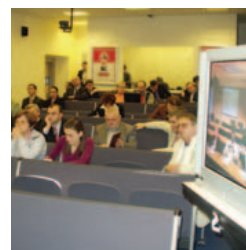
## FACULTY OF POLITICAL SCIENCE, UNIVERSITY OF ZAGREB, February 13-17 LOCAL DEMOCRACY AND E-GOVERNANCE

Participants at this five-day course were introduced to new methods and techniques of **good governance at the local level**, which emphasized improved organization and communication, partnerships between **public-private sectors** and **civil society** and the utilization of possibilities of **information technology** or e-Government.

The program ended with a **videoconference** between the Faculty of Political Science and Cleveland State University. Discussion involved **coordinators and activists from local communities in Cleveland**, such as Broadway Slavic Village, and representatives of the Croatian municipalities of **Majur**, **Dvor** and **Jasenovac** from Sisačko-moslavačka County, who visited Cleveland during their study tour on citizen participation in local governance in October 2004.

Lecturers and workshop facilitators at this course were **Smiljana Leinert Novosel**, **Inge Perko-Šeparović**, **Zdravko Petak**, **Ivan Grdešić**, Faculty of Political Science; **Mark Chupp** and **Tom Cozzens**, Cleveland State University; **Miroslav Kovačić**, Central State Office for e-Croatia; and **Maris Mikelsons**, **Miljenko Šmit**, **Mirna Karzan**, **Momo Kuzmanović** and **Zrinski Pelajić**, Director and advisors to USAID's LGRP and Enhancing SME Performance Project *Poduzetna Hrvatska*.

This course was repeated from February 20-24 due to participants' great interest. ■



**Momo Kuzmanović** (above), LGRP Certificate Courses Specialist, moderating the video-conference between Faculty of Political Science and Cleveland State University.

## FACULTY OF LAW, UNIVERSITY OF SPLIT, February 6 - 10 ORGANIZATION OF LOCAL GOVERNMENT IN CROATIA AND THE EU MEMBER STATES

This course provided a comparative overview of the **Croatian system** and the system of local governments of **EU member states**. Participants created action plan drafts on organizational improvement in the work fields relevant to their cities/municipalities within the scope of the decentralization process: **financing of public needs**, use of the **e-Government system** in informing and communicating with citizens and delivering public services or involving citizens in the decision-making process. Models of labor-law incumbency-related issues regarding officials and employees in Croatia and EU countries were also presented.

At the opening ceremony, the participants were addressed by **Dragan Bolanča**, Dean of the Faculty of Law; **Tom Rogers**, USAID's local government advisor; **Zvonimir Puljić**, Mayor of the City of Split; and **Maris Mikelsons**, LGRP Director. Lecturers at this seminar were **Duško Lozina**, **Boris Buklijaš**, **Zoran Šinković** and **Marija Boban** from the Faculty of Law at the University of Split, and **Senka Ramić**, LGRP Decentralization Specialist. The program also included field training, i.e. a work visit to the municipality of **Podstrana**, which was hosted by the Mayor of Podstrana, **Mario Tomasović**. ■



At the opening ceremony the participants were also addressed by **Zvonimir Puljić**, Mayor of Split.



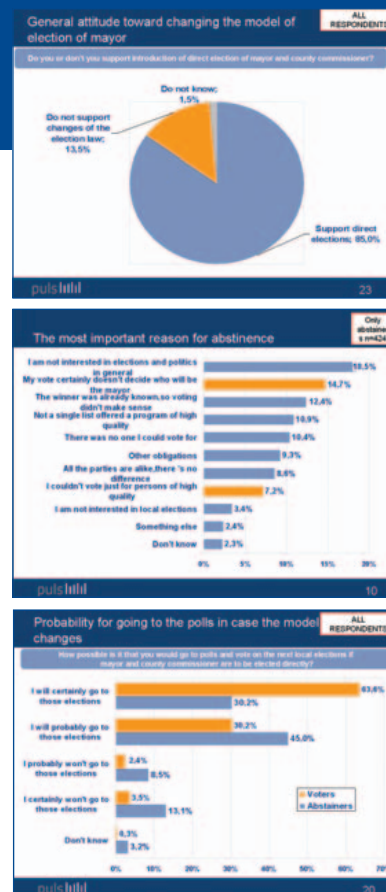
## PULS AGENCY SURVEY ELECTORAL MODEL REASON FOR VOTERS' ABSTINENCE

On behalf of LGRP, Puls research agency conducted a national public opinion survey from March 6-8 with 800 respondents. The survey measured the effect of having voters directly elect mayors on voter participation. Research revealed that 65% of abstainers would have voted in previous local elections if they could have voted for a specific person for mayor. 75% of abstainers claim they will vote in the next local elections should the Government introduce direct elections. 85% of all respondents support the introduction of direct elections, and 74% believe mayors' competencies should be increased. 38% of respondents generally trust town and municipal authorities the most in relation to other two levels of authority. 29% of citizens trust state authorities the most, and the smallest number of citizens trust county authorities, only 15%. The results of the survey were presented at the thematic session of the Local and

Regional Self-government Committee of the Croatian Parliament on March 14.

In autumn 2005, Members of Parliament discussed the Government's proposal of a law introducing the direct election of mayors, heads of municipalities and counties, and supported it on first reading. However, the final proposal of the Law is scheduled to be put before parliamentary representatives, together with the necessary changes to the Law on Local and Regional Self-Government, in May 2006.

"The voters think their vote is worth more in the elections where the direct election of mayors is applied. Experience from the countries that have introduced such a system shows that voter turnout has increased," said Jessie Pilgrim, a US expert for electoral policy and legislation at USAID, in *Jutarnji list* newspaper. Pilgrim stated that, at the moment, just under 50% of EU countries already implement the direct election of mayors. ■



Puls Agency survey results

## DIRECTORY OF SERVICE PROVIDERS

### Yellow Pages for Local Governments

LGRP has created a **Directory of Service Providers**, also called the *Yellow Pages for Local Governments*. This Directory has been placed on the LGRP website and contains information on more than **800** service providers: private enterprises, non-governmental organizations and consultants.

The Directory provides information on various types of enterprises: *MojPosao* for job ads, *Ernst & Young* for auditing and tax consulting and *Razvojna agencija Sjever* from Varaždin for attracting investments and creating new jobs, as well as law firms, entrepreneurship centers, business schools, IT companies, consulting companies, firms for graphic design, market research and public opinion survey and small-sized trades and crafts.

Placing information in the Directory is free of charge.

Find your service providers at: <http://direktorij.urban-institute.hr/>. ■



## STAY TUNED FOR LOCAL GOVERNMENT NEWS!

### Advocacy Network Newsletter

By the end of April 14, LGRP had issued six Advocacy Network Newsletters (ANN). ANN is an electronic newsletter on decentralization and other local government-related topics. LGRP issues ANN bi-weekly, on the first and fifteenth of each month. ANN is prepared in both English and Croatian and disseminated to all Advocacy Network members.

LGRP has created the Advocacy Network in order to boost decentralization and local government reform. As of the end of March, membership stood at 238 individuals and/or institutions and is growing. Members are added to the Advocacy Network based on their participation at LGRP-organized events, a direct request and an expressed interest in issues related to local government reform.

If you have any questions about the Advocacy Network Newsletter, or would like to have your name added to the distribution list, please write us at: [inicijativa@urban-institute.hr](mailto:inicijativa@urban-institute.hr). ■